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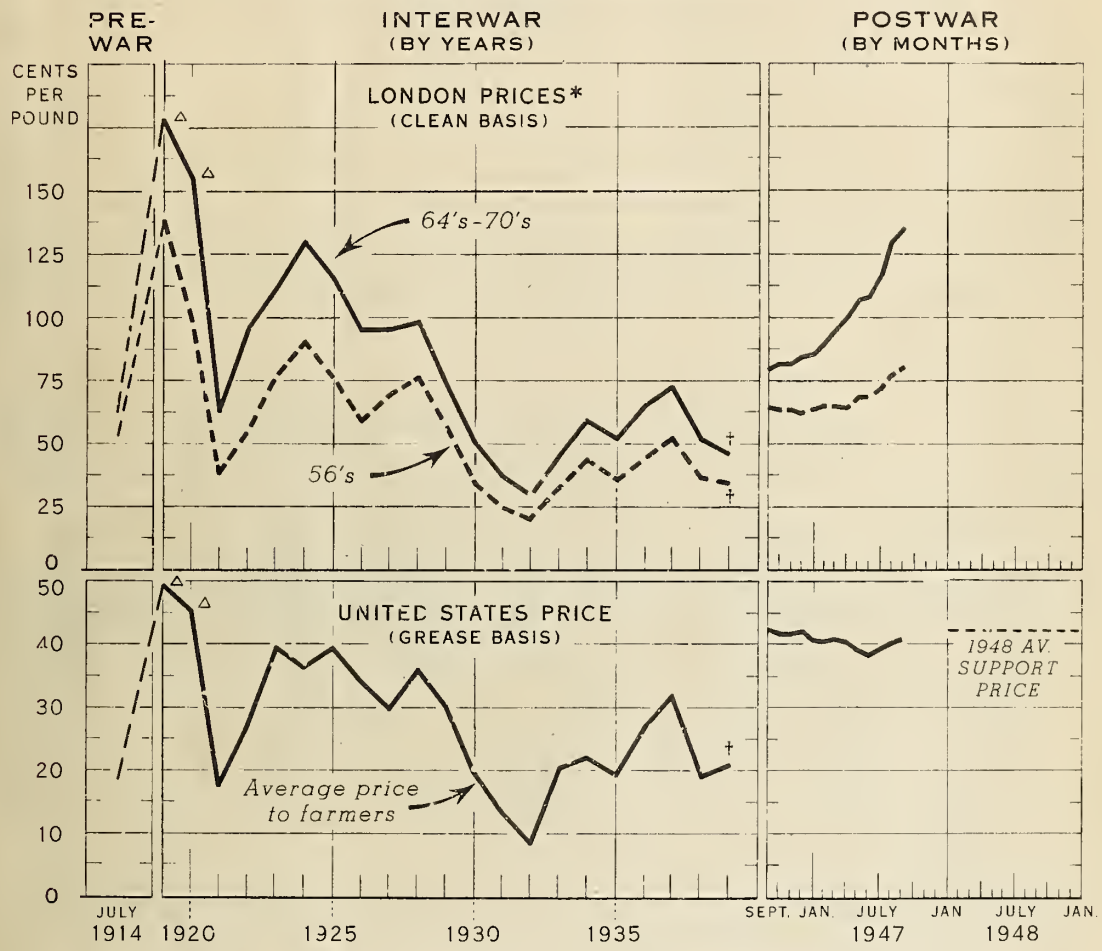
THE Wool SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TWS - 3 BAE SEPTEMBER 1947

UNITED STATES AVERAGE PRICES RECEIVED BY FARMERS FOR WOOL AS INFLUENCED BY WOOL PRICES IN FOREIGN MARKETS, JULY 1914, 1919-39, AND 1946-47



* AVERAGES OF OPENING AND CLOSING PRICES AT LONDON AUCTIONS. GOOD FLEECE WOOLS
△ ESTIMATED † 1939 JAN.-JULY AVERAGE

U S DEPARTMENT OF AGRICULTURE NEG. 46561 BUREAU OF AGRICULTURAL ECONOMICS

Changes in U. S. farm prices normally have followed changes in foreign prices quite closely. When auctions were resumed at London in 1946, prices to growers in the United States were being supported by the Government. The support level was much higher than the price of comparable foreign wools when adjusted for location, tariff, skirting, and grading. Consequently, average prices received by U. S. farmers did not reflect the sharp rise in foreign fine wool prices which occurred during the 1946-47 marketing season. Producers' prices in 1948 will be supported at the same average level as in 1946. If prices of foreign fine wools remain high, producers may sell some of their finer wools at prices above supports.

STATISTICAL SUMMARY OF DOMESTIC WOOL OUTLOOK

Item	1935-39 average	1939	1940	1941	1942	1943	1944	1945	1946	Preliminary forecast as of Sept. 1947 1/ 1947	1948
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
					SUPPLIES 2/						
Production											
Shorn	358.5	361.7	372.0	387.5	388.3	378.8	338.3	307.9	279.9	256.3	250.0
Pulled	65.5	64.5	62.0	65.8	66.7	65.2	73.5	70.5	61.3	52.0	50.0
Total	424.0	426.2	434.0	453.3	455.0	444.0	411.8	378.4	341.2	308.3	300.0
Reported stocks, Jan. 1											
Apparel wool											
Privately owned											
Domestic wool	220.5	198.9	125.5	122.0	170.2	3/208.8	102.5	94.5	69.4	167.0	150-250
Foreign wool	35.9	31.4	51.7	71.8	120.3	3/157.1	205.6	229.1	279.4	256.3	100-175
Total	256.4	230.3	177.2	193.8	290.5	3/365.9	308.1	323.6	348.8	423.3	300-400
Government owned											
Domestic (CCC)							182.0	311.8	449.1	469.6	350-425
Foreign (DSC)					157.0	308.8	325.4	113.8	---	---	---
Total					157.0	308.8	507.4	425.6	449.1	469.6	350-425
Total apparel	256.4	230.3	177.2	193.8	447.5	674.7	815.5	749.2	797.9	892.9	700-800
Carpet wool											
Foreign only	46.0	33.5	38.0	35.3	55.7	3/ 97.8	42.0	52.2	110.0	141.0	75-125
Imports for consumption											
Dutiable (apparel)											
Finer than 40's 4/	66.7	74.6	199.2	562.1	749.3	626.3	503.9	634.1	746.5	400-460	300-400
Donskoi, Smyrna & similar	8.1	7.5	5.6	7.6	13.1	8.6	5.0	2.9	2.8	1-5	1-5
Other not finer than 40's	15.6	17.4	17.9	35.4	32.0	14.0	38.8	38.3	68.5	35-50	30-60
Total 4/	90.4	99.5	222.7	605.1	794.4	648.9	547.7	675.3	811.8	450-500	350-450
Duty-free (carpet)											
Donskoi, Smyrna & similar	129.6	137.2	128.6	194.8	58.9	24.9	29.7	76.3	122.6	85-105	100-180
Other not finer than 40's	4.1	6.2	6.0	16.2	5.9	4.2	42.2	55.5	119.1	65-90	70-120
Total	133.7	143.4	134.6	211.0	64.8	29.1	71.9	131.8	241.7	160-180	200-250
					CONSUMPTION						
Mill consumption (grease basis)											
Apparel wool											
Domestic	508.6	551.3	486.8	493.9	540.6	430.5	318.6	251.8	240.6	350-400	400-550
Foreign 5/	83.4	78.9	154.1	483.1	536.6	631.0	690.4	761.0	831.6	550-625	350-500
Total apparel 5/	592.0	630.2	640.9	977.0	1,077.2	1,061.5	1,009.0	1,012.8	1,072.2	950-1000	825-925
Carpet wool											
Foreign only 5/	137.4	148.5	137.5	190.1	60.9	43.7	61.2	76.1	179.9	220-240	200-250
Fabric production (Million linear yards)											
Men's wear		178.9			277.0	256.8	217.9	204.2	228.1	215-225	190-210
Women's & children's wear		107.1			107.6	132.1	170.6	141.4	235.0	130-160	110-150
Other apparel fabrics		35.1			72.2	51.7	52.1	55.8	61.1	45-55	40-50
Total apparel fabrics		321.1			456.8	440.6	440.6	401.4	524.2	400-430	340-400
Blankets		19.6			64.1	89.3	78.9	80.2	48.5	35-45	25-35
Other non apparel		31.3			6.9	6.6	8.3	11.8	30.9	30-35	30-35
Total woven fabrics		372.0			527.8	536.5	527.8	493.4	603.6	475-500	400-450
					PRICES						
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Price received by farmers 6/	23.9	22.3	28.4	35.5	40.1	41.7	42.4	41.9	42.3	41.0	42-43
Parity price 7/	23.4	22.7	22.9	24.2	27.4	29.6	31.1	31.8	35.4	42-43	41-45
Farm as percentage of parity 7/	102.0	101.0	124.0	145.0	144.0	139.0	133.0	130.0	117.0	95-98	93-105
Boston market price											
Domestic wool											
Territory (scoured basis)											
64's, 70's, 80's, staple	84.4	82.7	96.3	108.8	119.1	117.8	119.0	117.7	102.6	121	118-130
56's combing	71.9	69.3	79.7	91.2	102.6	104.2	104.5	103.5	91.4	108	95-110
Bright fleece, (grease basis):											
64's, 70's, 80's, delaine	33.7	32.9	38.0	43.1	46.9	46.9	47.0	47.0	41.3	50	48-55
56's combing	36.2	36.2	41.2	46.8	51.8	54.2	54.5	54.0	47.7	56	50-58
Foreign wool excl. duty											
Australian (clean basis)											
64's, 70's, top making	58.7	52.4	61.4	69.5	75.4	75.9	72.1	75.2	76.1	100-103	105-125
Montevideo (grease basis)											
60's, 64's, (merinos)	28.8	26.1	31.2	40.4	43.0	41.4	39.4	39.6	42.3	50-51	50-58
56's (onss)	30.1	28.3	32.4	38.6	42.5	41.4	40.7	42.2	43.0	48	46-52

1/ Ranges given for totals are not intended to be sums of ranges for items included in the totals. 2/ Grease basis except imports which are in actual weight. 3/ 36's-40's foreign wool are excluded from apparel wool and included with carpet wool in 1943 data. 4/ Includes a small amount of carbonized wool which was not reported by class and grade, and excludes wool entered as an act of international courtesy. 5/ For 1935-41 inclusive, Donskoi, Smyrna, and similar wools without merino or English blood are reported as carpet wool and all other wools, both free and dutiable, are reported as apparel wool. Beginning 1942, all duty-free wools are reported as carpet wool and all dutiable wools are reported as apparel wool. 6/ Weighted average, grease basis. 7/ Simple average of monthly data.

Compiled from official sources.

THE WOOL SITUATION

Approved by the Outlook and Situation Board, October 3, 1947

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SUMMARY

Domestic shorn wool production in 1948 probably will be slightly less than the 256 million pounds produced this year as some further decline in stock sheep numbers is likely during 1947.

The wool price support program assures domestic wool growers of prices in 1948 that probably will average higher than in 1947 and at least as high as in 1946. As a result, cash receipts from wool in 1948 will not be much different from this year. However, lamb slaughter in 1948 is expected to be smaller than in 1947. Thus cash receipts to wool growers next year for sheep, lambs and wool combined will be lower than this year, if there is no material increase in lamb prices.

Mill consumption of apparel wool in the United States during 1948 may be moderately less than it was this year when unusually strong demands for wool textiles were carried over from 1946. But use of domestic wools may be larger in 1948 than in 1947 because prices of foreign fine wools are expected to remain high for some time. In September, total costs to mills of imported fine wools were about 10 percent higher than those of comparable domestic wools. Domestic fine wool prices probably will continue firm until the middle of 1948, and Government holdings of fine wools may be further reduced. Because of the expected decline in mill consumption of foreign wool, imports of apparel wool in 1948 will be smaller than they were in 1947.

World consumption of apparel wool in 1947-48 is expected to be close to the 3.4 billion pound (grease-basis) consumption now tentatively estimated for 1946-47. It may exceed world production by about 500 million pounds in 1947-48, or by about the same amount as in 1946-47. If world consumption continues to exceed production for 4 or 5 years, even by lesser amounts than in 1947, the stocks held by the Joint Organization (U. K. Dominion Wool Disposal, Ltd.) will be reduced. In addition, the proportion of less desirable grades and qualities will be so increased that the effect of these stocks on world wool prices will be greatly lessened. World production of merino wool has declined sharply since 1943, but output of crossbred wool is only moderately below the wartime peak, and is larger than in any pre-war year. The high level of world consumption of choice fine wools has already resulted in a considerable decrease in stocks of these wools, and prices of some of them rose 60 percent within the past season. Foreign wool prices will probably continue at a relatively high level during the 1947-48 marketing season.

(For release October 11, a.m.)

DOMESTIC SUPPLY OUTLOOK

Wool Production in 1948 to be Slightly Smaller than in 1947

The change expected in the number of stock sheep indicates that domestic shorn wool production in 1948 will be about 250 million pounds, only slightly smaller than this year. Although this would be the smallest since 1924, it would be the first year since 1943 that domestic wool production has not shown much decline. Sheep and forage conditions on September 1 were reported to be about average for that time of year. However, if the coming winter is severe, production will be smaller than has been indicated.

The downward trend in sheep numbers has been going on for several years. During 1946, the number of stock sheep declined 3.1 million head. Sheep and lamb slaughter under federal inspection during the first 8 months of this year was 23 percent less than for the same period a year earlier. Even if slaughter of older sheep increases more than seasonally this fall, it appears that total slaughter in 1947 may be 4 million head less than in 1946. Allowing for the reduction in this year's lamb crop, it appears that the number of stock sheep on January 1, 1948 may be slightly smaller than the 32.5 million on farms January 1, 1947.

Pulled wool production may approximate 50 million pounds during 1948. This would be moderately smaller than in 1947, and the smallest in the past 20 years. This forecast is partly based on the prospect that sheep and lamb slaughter will be somewhat smaller in 1948 than is currently estimated for 1947.

The growth of the moutnn fur industry in recent years has been a large factor in reducing pulled wool production. This year, however, there appears to have been less diversion of domestic sheep and lamb skins to mouton production than last year because of the lower price of natural furs. In 1946, only about two thirds of the total number of sheep skins produced, were pulled compared to 92 percent in 1935-39. Mouton production in 1948 may not be much different than is now indicated for 1947.

Producers' Prices in 1948 will be Supported at the Same Level as in 1946

The Commodity Credit Corporation is directed under public law 360, signed by the President in August 1947, to support wool prices in 1948 at the same level at which they were supported during 1946. Prices received by farmers in 1946 averaged 42.3 cents a pound, grease basis, and will average about 41 cents for 1947. Replacement costs of fine imported wool, adjusted for tariff and differences in preparation were about 5 percent above comparable prices paid to producers by the CCC in September 1947. If foreign fine wool prices remain high, producers may receive more than the support price for some of their finer wools in 1948. However, this also depends on the sales policy of the CCC and on the amount of fine wool held by the CCC next April 1.

It is doubtful that much more of the 1947 spring clip will be sold directly to mills and dealers. Most of the choicer fine wools of the 1947 clip were bought by dealer and mills during the four month summer lapse of the CCC purchase program. The present margin between the Government sales price and prices received by producers is small enough so that there is little incentive for mills and dealers to buy directly from producers.

Farm Cash Receipts from Wool in 1948 To be About the Same as in 1947

It now appears that any reduction from 1947 in the size of the 1948 clip will be about offset by a slightly higher average price. Cash receipts from wool in 1948 will be about the same as in 1947, but smaller than in any other year since 1940. Farm prices for wool during the lapse of the CCC support program in 1947 were about 3 cents a pound below those of corresponding months a year earlier.

Total cash receipts from the sheep enterprise may be smaller in 1948 than in either 1946 or 1947. Because marketings for slaughter are expected to be smaller, cash receipts for the sale of sheep and lambs are expected to be moderately smaller unless there is a material increase in lamb prices. Herders' wages, an extremely important cost in the sheep enterprise, may not be much different in 1948 than in 1947, but the total of other cost items may be somewhat higher.

1948 Apparel Wool Imports May be Less than in 1947

Imports of apparel wool (dutiable) are expected to be moderately lower in 1948 than in 1947 and not much more than half of the 1946 record of 812 million pounds (actual weight). However, they still would be many times larger than in most years between the two wars. The decline from 1947 is expected because of prospects for smaller mill consumption and increased use of domestic wools. In September, domestic fine wools would have cost mills less than comparable imported wools.

During the first half of 1947, imports of apparel wool for consumption amounted to 282 million pounds, 30 percent below the 1946 record rate. A more than seasonal drop occurred in the third quarter, probably because of the 20 percent increase in fine wool prices in foreign markets during March and April. July imports for consumption were 42 percent below the monthly average for the first half of 1947. Entries of wools finer than 40's into 3 ports, during August and the first three weeks of September were only a little less than a third of the January to June rate. Imports probably will increase seasonally this fall, but the total for the second half of 1947 will be considerably smaller than during the first half.

1948 Carry-in Stocks Much Less Than in 1947
Total Supplies Adequate

Stocks of apparel wool in domestic trade channels were reduced 67 million pounds during the first half of 1947 and were 821 millions pounds on July 1. An even larger reduction is in prospect during the rest of the year. As a result, 1948 carry-in stocks may be from 100 to 200 million pounds less than in 1947. However, it appears that visible supplies of apparel wool January 1, 1948 (stocks plus domestic production) with only moderate supplies from foreign sources, will be sufficient to meet 1948 consumption demands.

A notable change in the ownership of stocks of domestic wools January 1, 1948 from a year earlier will be a reduction of 50 to 100 million pounds in Government holdings. A reduction of 85 million pounds (grease basis) had already occurred by September 1, but a large part of the 1947 clip still remained in growers' hands. Stocks of privately owned domestic wools may show moderate increase by next January 1. On the basis of origin, the principal reduction in stocks will occur in private holdings of foreign wools. This reduction may exceed 100 million pounds. Here again, much of the reduction has already been made. Private holdings of foreign wool at the end of June were 49 million pounds less than they were 6 months earlier. With the small volume of imports this summer, it is likely that they have been reduced further. Mill consumption of foreign wool exceeded imports for consumption by 50 percent during July, the last month for which data are available.

The composition of the Government wool stock pile has changed considerably during the first 8 months of 1947. The entire reduction of 85 million pounds in CCC stocks occurred in wools 60's and finer so that stocks of fine wools have become a smaller proportion of the total. Under the present CCC price schedule, reductions in fine wools probably will continue while medium wool holdings may remain large.

Other changes in Government stocks during the first 8 months of 1947 are: 1. Shorn wool stocks decreased 102 million pounds but pulled wool stocks increased 17 million. Up until this year pulled wool had been in great demand and CCC holdings of pulled wools had been very small. 2. Fine shorn wools now consist of only 59 percent original bag, worsted type wools compared to 68 percent on January 1. 3. Due to the CCC revaluation program on older wools, shorn wools on September 1 contained only 13 percent of 1943 and 1944 clip wools, compared to 27 percent for the earlier date.

Unlike Government stocks, private wool holdings on June 30 contained a slightly larger percentage of fine and half blood wools than they did 6 months earlier. The September stocks report may indicate that this trend has continued. Apparel wool imports during this summer have been almost entirely of finer grades and both trade and CCC sales reports indicate that purchases of domestic wools also have been concentrated in the finer grades.

DOMESTIC DEMAND OUTLOOK

Wool Textile Production in 1948 to be Less Than in 1947

Wool textile production in 1948 may be only moderately lower than in 1947, but about one-fourth smaller than the record of 1946. Some of the extraordinary forces which pushed wool textile production two-thirds above 1939 levels during 1946 and held it high during the first quarter of 1947, will have been largely spent by the end of this year. These forces included unusual demands for wool apparel from returning servicemen, from workers shifting from war to peacetime industry, and for building up inventories in wholesale and retail channels. Nevertheless, demand for wool textiles in 1948 is expected to be only moderately smaller than in 1947. If, however, employment and consumer incomes decline much during 1948, a much lower level of wool textile production may result though it still would be larger than in prewar. The demand for wool textiles has always been very sensitive to changes in economic activity in the past and this industry usually has been one of the first to feel its effects. In view of the record breaking peacetime production levels since September 1945, the industry appears to be particularly vulnerable in this respect. Also, there has been a much larger increase in wool textile production, compared with 1939 levels, than for either cotton or rayon. With any decline in economic activity some shift in demand toward other textiles might be expected, especially if there is a relatively larger decline in cotton textile prices.

In any event, considerable shifts can be expected in the types of wool cloth that will be produced in 1948. There has been relatively little increase in worsted cloth production since 1939, but output of woolen cloth in 1946 was twice as large as in 1939. During the first six months of 1947, the rate of production of men's wear fabrics (mostly worsteds) was about the same as in 1946 while output of women's and children's wear fabrics (mostly woolens) dropped off considerably. Output of fabrics for men's wear may not change greatly in 1948. But, fabric for women's and children's wear, which had increased greatly since 1939, probably will decline further but may remain considerably above prewar levels.

Mill Consumption May Decline in 1948 But Use of Domestic Wools May Increase

Mill consumption of apparel wool in 1948 is expected to range between 825 and 925 million pounds (grease basis) depending on employment and consumer income next year. On a clean basis, it would be 10 to 20 percent below the estimated 1947 consumption.

While mills may use less apparel wool in 1948, they are expected to obtain a larger portion from domestic sources. Normally, about 60 percent of total mill requirements (grease basis) are for fine and half blood wools. Because of the rapid rise of foreign fine wool prices, mill conversion costs of imported fine wools in September were about 10 percent higher than for comparable domestic wools. Mills are expected to make increased use of domestic fine wools as long as this price relationship exists. Supplies of the finer domestic wools are still fairly plentiful. The CCC stocks report of August 31 listed 180 million pounds of shorn, worsted-type grease wools of grade 60's or finer. In addition there are some fine and half blood wools in the 1947 clip that have not yet been marketed.

Fine Wool Prices at Boston May Remain Firm During the First Half of 1948

The outlook is for continued firm fine wool prices at Boston for the rest of 1947 and the first half of 1948. Fine wool prices at the opening of the foreign wool auctions in September, were 10-25 percent higher than in June. The present strong world demand and limited supplies of these wools suggest that foreign fine wool prices may continue firm for some time. Price changes in the domestic market are generally in line with those in foreign markets. However, the Government is now offering large quantities of fine domestic wools at prices about 10 percent below replacement cost of comparable imported wools. If demand is still strong when the 1948-49 wool marketing year opens, foreign fine wool prices at Boston will continue firm.

The outlook for medium wool prices in domestic markets is somewhat different. Supplies of these wools are plentiful and there is only a moderate demand for them in this country. Since medium wool prices in foreign markets are not expected to change much during the 1947-48 season, offering prices at Boston of medium wools held in bond may change little during the rest of 1947 and the first half of 1948. CCC sales of medium wools have been relatively small in the past two years because offering prices of Government wools have been above the prices of comparable imported wools adjusted for tariff and differences in preparation.

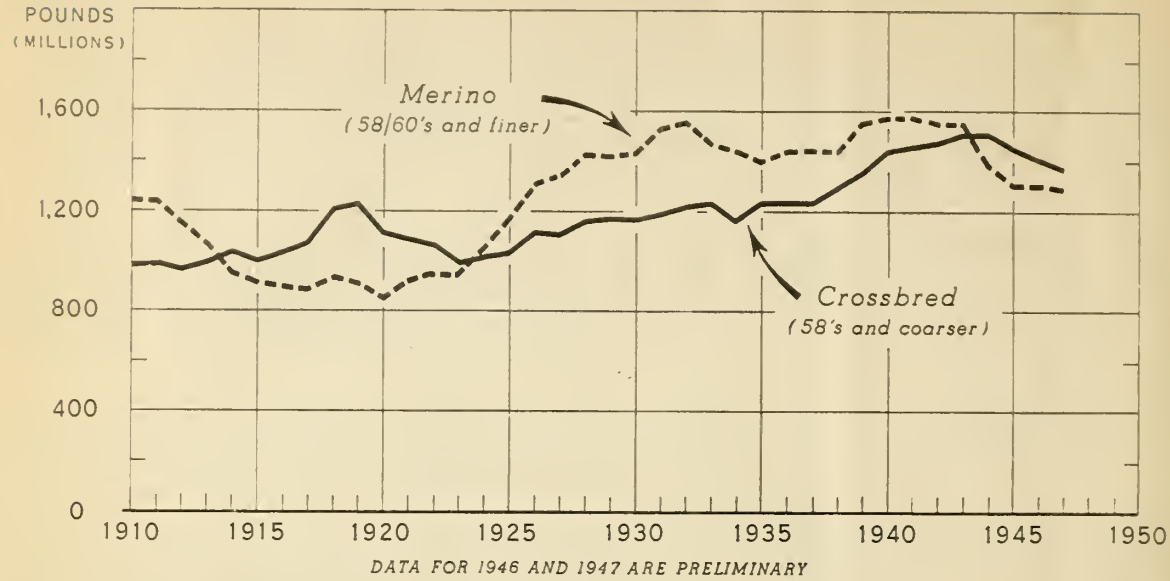
Domestic wool prices in Boston were approximately 50 percent over 1935-39 levels at the end of August 1947, about the same as the rise in the general price level, but much smaller than the increases for most farm products. Cotton prices have more than tripled in this period. But rayon fiber prices increased very little. Prices of acetate staple fiber in August 1947 were only 4 percent above 1939 levels, and viscose staple fiber increased only 28 percent. Thus, wool has not improved its competitive position with respect to rayon, a very serious competitor in the textile field.

STATISTICAL SUMMARY

Item	Unit	1946 May	1946 June	1946 July	1946 Aug.	1947 May	1947 June	1947 July	1947 Aug.	Last data available as percent of a year earlier
Price received by farmers	Cents	42.5	42.5	42.7	42.5	39.0	38.3	39.2	40.0	94
Parity price	Cents	33.9	34.4	36.4	37.0	41.9	42.3	42.3	43.0	116
Farm as percentage of parity	Percent	125	124	117	115	93	91	93	93	
Boston market price:										
Domestic wool										
Territory, scoured basis	Cents									
64s, 70s, 80s, staple	per	99.5	99.5	99.5	99.5	122.5	122.5	122.5	122.0	123
56s, combing	pound	88.5	88.5	88.5	88.5	110.5	110.5	110.5	108.5	123
Bright fleece, grease basis										
64s, 70s, 80s, delaine	"	40.0	40.0	40.0	40.0	50.0	50.0	50.0	50.5	126
56s, combing	"	46.5	46.5	46.5	46.5	56.5	56.5	56.5	56.5	122
Foreign wool, excl. duty										
Australian, clean basis										
64s, 70s, top making	"	74.5	74.5	74.5	74.5	99.0	100.2	104.0	104.0	140
Montevideo, grease basis 1/										
60s, 64s, (merinos)	"	41.5	41.5	41.5	41.5	49.5	49.5	49.7	50.9	123
56s, (ones)	"	42.5	42.5	42.5	42.5	48.5	48.5	48.7	49.4	116
Other textile fibers										
Cotton, middling 15/16" 2/	Cents	27.4	29.2	33.4	35.5	36.0	37.2	37.5	34.3	97
Rayon staple fiber	per									
Viscose 1-1/2 denier	pound	25.0	25.0	25.0	25.0	32.0	32.0	32.0	32.0	128
Acetate 5 denier	"	38.0	38.0	38.0	38.0	48.0	48.0	48.0	48.0	126
Mill consumption		Mar.	Apr.	May	June	Mar.	Apr.	May	June	
Per week, during month 3/										
Grease basis										
Apparel wool, total	1,000 lb.	20,891	20,735	20,174	20,898	20,783	19.307	17,581	17,832	85
Domestic	"	2,968	4,055	3,862	4,161	6,742	6,176	5,555	6,123	147
Foreign (duty-paid)	"	17,923	16,680	16,312	16,737	14,041	13,131	12,026	11,709	70
Carpet wool (duty-free)	"	3,616	3,251	3,386	3,606	4,754	4,500	4,724	4,516	125
Scoured basis										
Apparel wool, total		12,387	12,093	11,845	12,207	11,431	10,594	9,603	9,662	79
Domestic	"	1,445	1,902	1,854	1,998	2,911	2,650	2,369	2,596	130
Foreign (duty-paid)	"	10,942	10,191	9,991	10,209	8,520	7,944	7,234	7,066	69
Carpet wool (duty-free)	"	2,588	2,289	2,393	2,567	3,419	3,199	3,417	3,288	128
Accumulated since Jan. 1 3/										
Grease basis										
Apparel wool, total	Mil. lb.	250.9	354.6	435.3	518.9	272.7	369.2	439.6	510.9	98
Domestic	" "	31.6	51.9	67.3	84.0	88.4	119.3	141.5	166.0	198
Foreign (duty-paid)	" "	219.3	302.7	368.0	434.9	184.3	249.9	298.1	344.9	79
Carpet wool (duty-free)	" "	42.4	58.7	72.2	86.7	57.5	80.0	98.9	117.0	135
Scoured basis										
Apparel wool, total	" "	149.5	210.0	257.4	306.2	151.1	204.1	242.5	281.2	92
Domestic	" "	15.5	25.0	32.4	40.4	38.7	52.0	61.4	71.8	178
Foreign (duty-paid)	" "	134.0	185.0	225.0	265.8	112.4	152.1	181.1	209.4	79
Carpet wool (duty-free)	" "	30.4	41.8	51.4	61.7	41.0	57.0	70.7	83.8	136
Imports - actual weight 4/										
Apparel wool (duty-paid)	Mil. lb.	84.5	83.0	66.5	53.0	51.8	49.0	43.6	34.6	65
Carpet wool (duty-free)	" "	27.9	42.7	24.6	19.9	15.4	14.0	18.3	22.9	115
Accumulated since Jan. 1										
Apparel wool (duty-paid)	" "	236.9	319.9	386.4	439.4	154.7	203.7	247.3	281.9	64
Carpet wool (duty-free)	" "	59.2	101.9	126.5	146.4	42.8	56.8	75.1	98.0	67
Stocks, end of month										
Apparel wool, grease basis										
CCC stocks	Mil. lb.	459.6			499.0	445.2			443.8	89
Mill and dealer stocks										
Domestic wool	" "	77.4			113.7	111.1			169.9	149
Foreign wool	" "	297.4			318.5	251.0			207.7	65
Total apparel wool	" "	834.4			931.2	807.3			821.4	88
Carpet wool, grease basis	" "	96.5			137.0	129.3			124.2	91
Wool fabric production										
Accumulated since Jan. 1										
Men's wear	Million	53.7			111.8	60.6			112.7	101
Women's & children's wear	linear	56.3			117.1	48.8			83.2	71
Other apparel fabrics	yards	15.7			30.7	15.9			26.4	86
Total apparel fabrics	"	125.7			259.6	125.3			222.3	86
Blankets	"	12.3			24.4	11.0			20.6	84
Other non-apparel fabrics	"	7.8			16.1	7.7			15.9	99
Total woven fabrics	"	145.8			300.1	144.0			258.8	86

1/ Boston Commercial Bulletin quotations. 2/ Average of 10 markets. 3/ The first month of each quarter is a 5 week period, the other months are 4 week periods. 4/ Imports for consumption.
Compiled from official sources.

PRODUCTION OF MERINO AND CROSSBRED WOOL IN 10 PRINCIPAL PRODUCING COUNTRIES, 1910-47



U. S. DEPARTMENT OF AGRICULTURE NEG. 46560 BUREAU OF AGRICULTURAL ECONOMICS

Because of drought in Australia and South Africa and reduced output in the United States, world production of fine wool has declined sharply since 1943. Production of fine wool in 10 principal apparel-wool producing countries in 1947 was smaller than at any time in the past two decades. Production of medium wool is only slightly below the wartime record production. World wool stocks are large but only a relatively small part of the stocks are good quality fine wools.

Wool, grease basis: Production in specified countries, 1934-38 average, 1942-47

Country and region	Average 1934-38	1942	1943	1944	1945	1946 1/	1947 1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Southern Hemisphere							
Australia	995.3	1,151.2	1,169.0	1,017.5	930.0	970.0	970.0
New Zealand	299.3	340.0	330.0	372.0	365.0	350.0	325.0
British South Africa	238.6	250.0	250.0	234.0	210.0	195.0	190.0
Total British Dominions	1,533.2	1,741.2	1,749.0	1,623.5	1,505.0	1,515.0	1,485.0
South America							
Argentine	370.4	510.0	520.0	500.0	500.0	470.0	485.0
Uruguay	118.0	124.0	147.9	156.6	175.2	175.7	180.0
Brazil	36.6	36.0	39.0	40.0	39.0	39.0	39.0
Chile	32.7	36.0	35.0	34.0	34.8	33.0	32.0
Estimated total 2/	592.3	737.2	776.6	765.6	766.2	759.1	773.6
North America							
United States	424.6	455.0	444.0	411.8	378.4	341.2	308.3
Canada	16.4	16.5	17.6	19.3	19.6	19.0	18.0
Europe excluding Soviet Union							
United Kingdom	108.3	92.3	90.4	86.8	86.6	90.5	75.0
Eire	17.1	15.9	15.3	15.9	16.1	14.5	13.8
France	37.9	27.0	26.9	26.0	25.0	26.5	28.6
Spain	66.6	78.9	83.5	88.0	81.5	79.0	77.0
Portugal	15.5	18.5	17.1	16.7	15.8	17.6	18.0
Italy	29.4	31.1	26.7	23.4	23.8	24.7	27.0
Germany	35.0	43.9	45.7	49.9	--	--	--
Estimated total 2/	501.1	479.5	459.4	451.4	408.6	415.9	409.9
Soviet Union	210.0	290.0	260.0	245.0	250.0	260.0	270.0
North Africa							
French North Africa	67.4	75.4	74.7	73.3	72.3	59.7	54.9
Egypt	6.9	6.2	5.7	5.6	5.6	5.6	5.6
Asia							
Turkey	55.3	67.3	62.0	87.0	70.0	64.0	44.0
India	70.6	83.0	80.0	76.0	75.0	80.0	83.0
Iran	36.2	28.6	27.5	27.7	28.7	29.5	29.0
China	90.0	85.0	85.0	75.0	75.0	75.0	75.0
Estimated total 2/	328.5	337.7	332.5	326.8	332.5	334.3	316.8
Estimated World total 2/	3,700.0	4,160.0	4,140.0	3,940.0	3,780.0	3,730.0	3,670.0

1/ Preliminary. 2/ Includes countries not shown in table.
Estimates of the Office of Foreign Agricultural Relations.

WORLD WOOL OUTLOOK

World Wool Production in 1947-48 Slightly Smaller Than Last Year

The preliminary estimate of world wool production for 1947-48 is 3.7 billion pounds (grease basis). This is about 13 percent smaller than the 1941 record of 4.2 billion pounds, but about the same as the 1934-38 average. It is estimated that production in principal exporting countries in 1947-48 will total about 6 percent larger than the 1934-38 average, but this is offset by smaller output in the United States and in Europe, the main consuming areas. Although a check in the downward trend in world production had been expected for 1947, exceedingly unfavorable weather in the United Kingdom, drought in important Southern Hemisphere producing countries, and the smaller United States production resulted in a further small decline.

About four-fifths of the world production in 1947, or 2.9 billion pounds, is fine and medium grade wools generally classed as apparel wool. The remainder is carpet types. Within the apparel wool group, the trend in production of fine grades (58/60s and finer) in recent years has been quite different from the trend in production of medium grades (58s and coarser) (See chart). Production of fine grades has declined sharply since 1943, largely because of drought in Australia and South Africa, and the decline in United States production. Production of merino wools (58/60s and finer) in the 10 principal producing countries in 1947-48 is estimated to be 1/5 smaller than the 1941 peak, and the smallest since the late 1920s. On the other hand, production of crossbred wools (58s and coarser apparel wools) is only moderately below the wartime peak, and is larger than in any pre-war year.

The high prices received for fine wools in the past season will encourage expansion of flocks in foreign fine wool producing countries. Even with favorable weather conditions, however, several years would be required to increase production of these wools appreciably. Medium wools are produced chiefly in South America and New Zealand where lamb and mutton prices probably will be very important in determining changes in sheep numbers and in wool production during the next several years.

World Wool Consumption to Continue Large in 1947-48 1/

World consumption of apparel wool in 1947-48 will continue at the high level reached last season. The moderate decline expected in United States consumption will be offset by some further increase in foreign countries. World consumption of apparel wool in 1946-47, tentatively estimated at 3.4 billion pounds (grease basis), was much larger than the wartime consumption and was 10 to 15 percent larger than 1934-38 average.

1/ Based in part on information in the Wool Digest of the International Wool Secretariat and on reliable commercial reports.

The United Kingdom will make further efforts to increase wool textile production for export in 1947-48. Expansion has been hampered by the lack of trained textile workers and by the fuel crises. Wool consumption in the United Kingdom, including carpet wool, was about 660 million pounds for the 12 months ended June 1947, 23 percent larger than in 1945-46, but moderately below the 1934-38 average. Mill activity increased sharply after the fuel crisis in the spring of 1947, and for the quarter ending in June 1947, consumption was at an annual rate of about 735 million pounds. This rate may continue in 1947-48 if fuel is available.

Consumption in western Europe in 1947-48 outside of Germany, may not differ greatly from 1946-47, if there is no serious political crisis. The rapid recovery in the wool industries of western Europe has been aided by the extension of credits and loans by the governments of wool exporting countries, and by commercial factors for the purchase of raw wool. It is expected that this aid will continue in 1947-48. The repayment of credits in many cases is linked with the export of wool manufactures from the debtor nation. Hence, strong efforts are being made to increase export trade in European countries.

The French wool textile industry regained the 1938 level of activity during 1946 and under the Monnet Plan is trying to increase activity 20 percent in 1947. But shortages of fuel, rapidly rising prices, and other unfavorable economic factors may limit expansion. Activity in Italy reached an unusually high level in 1946 when large quantities of wool were processed on a commission basis for foreign countries. Activity declined in the early months of 1947, however, because of a sharp drop in exports. Changes have been made by the Italian government recently, which may improve the current position of the industry. They have increased the foreign exchange allowed to exporters of wool manufactures for the purchase of raw materials, and have also lowered the official rate of exchange of the lire in terms of the U. S. dollar. Consumption in Belgium was above the prewar level in 1946-47 and is expected to continue at a relatively high rate in the current season.

In 1934-38 Germany and Japan together used about 550 million pounds of apparel wool annually, about one-sixth of estimated world consumption of apparel wool in that period. In 1946-47 their consumption was only about one-fifth of the pre-war consumption Consumption in these countries will increase somewhat in 1947-48 if the programs recently outlined by Allied authorities are put in operation.

Foreign Wool Prices To Remain High in 1947-48

Wool prices in foreign markets probably will remain relatively high during the 1947-48 marketing season (See cover page chart). Prices of fine wools at the opening sales of the season at Sydney, Australia, on September 1 were reported to be 10 to 25 percent above the closing prices of the previous season in June.

Corresponding increases were reported when the new season's sales opened in London and in South Africa. During the next few months, prices of fine wools are not expected to decline much from opening levels, and even may advance, because of the relatively small foreign supplies and current strong demand. The Joint Organization has little good quality fine wool in its stocks, and offerings of such wool must come almost entirely from the current production of Australia and South Africa.

While demand is expected to continue strong through 1947, the following factors may tend to reduce demand for fine wools in the latter part of the 1947-48 selling season: (1) United States imports of apparel wool probably will be smaller in 1948 than in 1947 and most of the reduction would be in fine wools. (2) Demand for building up stocks in western Europe will not be as large as in the past two seasons. In France, Belgium, and Italy stocks have been built up by recent large imports and probably are larger than pre-war, in relation to the current rate of consumption in those countries. (3) Mills may find it advantageous to shift to greater use of lower grades and less desirable wools because of the lower prices of such wools.

Prices of medium wools probably will remain close to present levels during the 1947-48 marketing season. Supplies of medium wools are large in relation to current demand, but offerings of carry-over wools, and of the new clips of the British Dominions, will be regulated by the Joint Organization. Prices of medium wools are only moderately higher than the reserve prices at which the Joint Organization will purchase Dominion wools, if necessary, to support prices. There is some possibility that prices of the finer grades of crossbred wools may advance moderately from present levels if there is a shift in mill consumption from fine to medium grades.

Foreign Wool Prices now 50 to 100 Percent above Prewar

After auctions of British Empire wools were resumed in September 1946, prices of fine wools advanced very rapidly (see chart on cover page). The price of 64s-70s fine combing wool at London, at the close of the fifth series on July 25, 1947, was $1.23 a pound, clean basis, compared with 76 cents at the opening of the first series on September 13, 1946, an increase of 62 percent. Prices of medium wools also advanced during the 1946-47 season but the increase was much less than for fine wools. The price of 56s fine crossbred coming wool was 72 cents, clean basis, at the close of the July series compared with the opening price in September 1946, of 64 cents, an increase of only 13 percent. Prices of 48s and coarser grades remained close to opening levels throughout the season.

Foreign wool prices rose substantially after the outbreak of war in 1939. However, there was little further increase until the auctions opened in September 1946. Prices of 64s-70s fine wools at the July 1947 series at London, on a United States currency basis, were twice as high as the 1934-38 average seasonal prices with most of the increase having occurred in the past year. Fine crossbred 56s were about 76 percent above the 1934-38 average, and 46s crossbreds were about 57 percent higher than in 1934-38. Changes in prices in Southern Hemisphere markets, in general, have been quite similar to those at London.

Joint Organization's Reserve Prices for 1947-48 Higher for Fine Wools

The Joint Organization (U. K. Dominions Wool Disposal, Ltd.) on August 22, announced a change in the general level of reserve prices for Australian, and South African wools for the 1947-48 season. For Australian wools the average over-all increase will be approximately 9 percent, ex-store, grease basis. For South African wools, the over-all increase, excluding Karakuls, will be about 8 percent. No change was made in the general average for New Zealand wools but there has been an adjustment of prices of various grades and qualities of wool. Apparently the reserve prices for merino and fine crossbred wools have been increased moderately, while reserve prices for other grades are kept about the same as last season. Even with this increase, the support level for fine wools is far below current market prices. At the close of the 1946-47 season, prices of good quality fine combing fleece wools probably were about 50 percent higher than the Joint Organization's reserve prices of these wools. Market prices of fine crossbred wools, however, are only moderately higher than the Joint Organizations reserve prices and prices of medium and coarse crossbreds are close to the reserve price. The reserve prices were not brought into action to any great extent during the 1946-47 season, as practically all offerings of Joint Organization stocks, and of new clip Dominion wools, were sold to commercial buyers at prices which were equal to, or higher than the reserve prices.

Further Reduction in World Stocks Indicated for 1947-48

World production of apparel wool for 1947-48 is estimated at about 2.9 billion pounds (grease basis) and consumption is forecast at about 3.4 billion pounds. If these estimates prove to be correct, world stocks of apparel wool would be reduced about 500 million pounds during the 1947-48 season. This is about the same as the stocks reduction now indicated for 1946-47. The world carryover of apparel wool on July 1, 1947 is tentatively estimated at 4.5 billion pounds (grease basis). A carryover of 4 billion pounds on July 1, 1948 would be about one-fifth smaller than the 1945 record, indicating a rapid rate of disposal of surplus stocks. However, stocks still would be more than twice as large as the 1934-38 average, and much larger than in any prewar year. Almost all of the reduction in stocks during 1947-48 probably will be in Government held stocks, continuing the trend of the two previous seasons.

If both world production and world consumption of apparel wool should continue at about their present rates, world stocks would be reduced to approximately the 1934-38 levels by July 1953. This is not likely to occur, however, because of the uneven distribution of the various grades and qualities of wool in the surplus stocks, which are held largely by the Joint Organization. Demand is now strong for good quality fine wools, but most of the merino wools held by the Joint Organization are the less desirable qualities of fleece wool (and of pieces), or carry considerable stain and burr. Marked shifts in wool consumption, from present patterns, will be necessary, if this wool is to be disposed of.

If world consumption continues to exceed production for 4 or 5 years even by lesser amounts than in 1947 the stocks held by the Joint Organization (U.K.-Dominions Wool Disposal Ltd.) will be reduced. In addition the proportion of less desirable grades and quantities will be so increased that the effect of these stocks on world wool prices will be greatly lessened.

Joint Organization Sales Large
Stocks Reduced in 1946-47

The Joint Organization sold about 500 million pounds (grease basis) from its stocks of Dominion wools during 1946-47. The greater part of the wool was sold at London, Liverpool and Bradford auctions. Combined sales at these centers totaled about 325 million pounds (grease basis). About 75 million pounds were sold at the Australian auctions and the balance in New Zealand and South Africa. About two-fifths of all J. O. wools sold were crossbred wools and three-fifths were Australian and South African merino wools, including carbonizing and skin wools. Because of the strong demand during 1946-47, purchases made by the Joint Organization in accordance with its price support policy totaled little more than 60 million pounds. Wools bought in by the J. O. were chiefly carbonizing wools and medium crossbred wools of average or inferior quality.

The Joint Organization stocks totaled approximately 1.5 billion pounds, grease basis, on June 30, 1947, compared with 2.0 billion pounds a year earlier. The June 1947 stocks included about 850 million pounds of merino wools and 650 million pounds of crossbred wools. However, the merino stocks contain less than 150 million pounds of combing wools of good to superior quality, free from burr, or only slightly burry. The remaining merinos carry heavy burr, or are carbonizing wools, carding wools and inferior sorts.

DOMESTIC OUTLOOK FOR CARPET WOOL

During the first 7 months of 1947 United States mills used 133 million pounds (grease basis) of duty-free wools and consumption for the year probably will total between 220 and 240 million pounds. This is higher than in any previous year, and about two-thirds higher than the 1935-39 average. Consumption seems likely to continue near a record in 1948, and may total 200-250 million pounds if there is no marked decline in consumer incomes. During the war, consumption was restricted to about 40 percent of the pre-war level and large demands for floor coverings now exist.

During the first 7 months of 1947, imports for consumption of duty-free wools for use as floor coverings or other specified use, totaled 119 million pounds (actual weight). Imports during this period were somewhat smaller than mill consumption. Reports on arrivals of wool at 3 ports during August and the early part of September indicate that imports have declined still further in relation to consumption. However, supplies of carpet wool in this country are still large. Stocks held by dealers and mills on June 28, totaled 124 million pounds and were equivalent to a six months supply at the current rate of consumption. Even with the indicated reduction for the third quarter, stocks on October 1 of this year probably were larger than on the corresponding date of any previous year except 1946. Supplies of carpet wool abroad, available for United States import, are believed to be generally adequate although for certain blending types supplies at shipping points in exporting countries are reported to be temporarily scarce.

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DOMESTIC MOHAIR OUTLOOK

The 1948 domestic mohair outlook does not appear to be quite as favorable as a year earlier. The demand for mohair was strong in late 1946 but started to weaken this spring and is now definitely lower than it was a year earlier. The 1947 West Texas fall clip was reported selling at 74 cents for kid mohair and 54 cents for adult mohair. These prices are about 10 and 15 percent lower, respectively, than reported contracting prices for the 1947 spring clip and about 5 and 10 percent less than for the 1946 fall clip. The demand situation for mohair resembles that for apparel wool, in that consumption of mohair on the worsted system during the first half of 1947 continued higher than for the same period of 1946, while consumption on the woolen system slumped. It appears that mohair consumption on the worsted system will continue high during 1948 because automobile and railroad passenger-car production, which utilized a large portion of all mohair pile fabrics before the war, are expected to continue high. However, the outlook for consumption of mohair on the woolen system is not clear at this time. A large part of this output is used in specialty products whose demand is greatly affected by changes in styles and consumer incomes.

Domestic mohair supplies have been smaller in 1947 than they were in 1946. Stocks on hand January 1 totaled 14.2 million pounds, 2.7 million pounds less than a year earlier. Domestic mohair production in 1947 was moderately lower than the 1946 clip of 19.3 million pounds and imports of 0.5 million pounds during the first seven months of 1947 were about the same as for the corresponding months in 1946. Stocks of mohair on hand January 1, 1948 will be smaller than they were at the beginning of this year if there is no great change in the rate of consumption and of imports for the second half of 1947. With the reduced numbers of angora goats now on farms, it appears that domestic supplies of mohair in 1948 will be smaller than in 1947, unless there is a substantial increase in mohair imports. Prices received by farmers for mohair in 1948 may not be greatly different from those now being paid for this fall's clip, unless there is a further marked decline in the demand for specialty items using mohair.